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Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Mark Burton
&
Alex Sanchez

**SUBJECT: BOND ALLOCATIONS FOR
MULTIFAMILY HOUSING
PROJECTS**

DATE: October 12, 2000

Approved

Date

11-18-00

INFORMATION MEMO

The purpose of this memorandum is to inform the Mayor and the City Council of the City's success in receiving bond allocations from the California Debt Limit Allocation Committee (CDLAC) for four multifamily housing projects and to briefly describe each of the projects awarded an allocation.

On June 30, 2000 the City submitted six applications to CDLAC for the purpose of obtaining allocations to issue tax-exempt private activity bonds to finance affordable housing projects in the City.

On September 12, 2000 CDLAC awarded the requested allocation amounts to four of the six projects submitted. (One of the two projects that did not receive an allocation (The Fountains) is number one on a wait list. If unused allocations are refunded to CDLAC prior to the end of the calendar year, this project will have an opportunity to receive an allocation. The second project (The Cannery) is number four on a waiting list, and the likelihood of it receiving an unused allocation is doubtful.) The \$33,575,000 allocated for the four projects receiving allocations totals 14.2% of the total dollar amount of all allocations for Residential Rental Projects state-wide in round two of the annual allocation process.

The following is a summary of each project that received an allocation and the amount awarded.

- **\$11,715,000 for El Parador Senior Housing** – This 125 unit new construction senior project, previously known as the South Bascom Senior Housing Project, is located at 2555 and 2561 South Bascom Avenue in San Jose, 95124. The developer is the Housing Authority of the County of Santa Clara. With the exception of one manager's unit, this Project will be restricted entirely to seniors with very low incomes that are at or below 44.29% of area median income. This affordability restriction will remain in place for 55 years. Compared with other projects in its area, the Project's rents are estimated to be nearly 50% lower than comparable market rate rents. The City has

committed \$5,980,000 of its funds to this Project – representing 24% of total development costs.

- **\$11,020,000 for Willow Glen Senior Apartments** – This 133 unit new construction senior project is located at 1701 and 1717 Almaden Road and 460, 461, 467 and 479 Willow Glen Way, San Jose, 95125. The developers are the Related Companies and Community Housing Developers, Inc. With the exception of one manager's unit, this Project will be restricted to seniors of very low and extremely low income as follows: (1) 14 units at 30% of area median income; (2) 42 units at 45% of area median income; and (3) 76 units at 50% of area median income. The restrictions will remain in effect for 55 years. Compared with other projects in its area, the Project's rents are estimated to be more than 50% lower than comparable market rate rents. The City has committed \$8,148,000 of its funds to this Project – representing approximately 40% of total development costs.
- **\$7,100,000 for Craig Gardens** – This 90 unit new construction senior project is located at 2550 South Bascom Avenue, San Jose 95124. The developer is First Community Housing. With the exception of one manager's unit, this Project will be restricted to seniors of very low and extremely low income as follows: (1) 9 units at 30% of area median income; (2) 37 units at 45% of area median income; and (3) 43 units at 50% of area median income. The restrictions will remain in effect for 55 years. Compared with other projects in its area, the Project's rents are estimated to be approximately 40% lower than comparable market rate units. The City has committed \$4,435,000 of its funds to this Project – representing approximately 39% of total development costs.
- **\$3,740,000 for Monte Vista Gardens Senior Housing** – This 69 unit new construction senior project is located at 301 S. Capitol Avenue, San Jose, 95127. The developers are the Roem Development Corporation and Foundation for Affordable Housing. With the exception of one manager's unit, this Project will be restricted to seniors of very low and extremely low income as follows: (1) 7 units at 30% of area median income; (2) 27 units at 45% of area median income; and (3) 34 units at 50% of area median income. The restrictions will remain in effect for 55 years. Compared with other projects in its area, the Project's rents are estimated to be approximately 35% lower than comparable market rate rents. The City has committed \$1,932,000 of its funds to this Project – representing approximately 28% of total development costs.

CDLAC requires that bonds must be issued within 90 days of the allocation (December 11, 2000) or the allocation will expire. The Housing and Finance Departments in coordination with the City Attorney's Office will be working closely with the developers and the financing teams of each project to meet the CDLAC deadline to issue bonds.



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